



# **The State of New Hampshire Insurance Department**

56 Old Suncook Road  
Concord NH 03301-7317  
(603) 271-2261 Fax (603) 271-1406  
TDD Access: Relay NH 1-800-735-2964

**Paula T. Rogers**  
Commissioner

**Alex Feldvebel**  
Deputy Commissioner

## **Memorandum**

TO: All Insurers Licensed to Sell Accident and Health Insurance  
All Health Maintenance Organizations  
All Nonprofit Health Service Corporations

DATE: September 11, 2003

RE: Chapter 188, Laws of 2003 (SB 110)  
Data Reporting Requirements

Chapter 188, Laws of 2003, requires the Department to monitor and report on how carriers are utilizing allow rating variations in the marketplace and the effect that those variations have on the type of coverages being sold. The Department must report annually on how carriers are utilizing allowable rating factors and how the factors are distributed over different market segments. This memorandum is intended to present the Department's present thinking on how best to accomplish this new requirement. The Department asks interested parties to consider the approaches described in this memorandum and to offer feedback.

The new legislation prohibits a carrier from using two different rating factors to adjust for a single characteristic. Rating factors must be applied independently of one another. The Department is considering verifying the independent application of rating factors using two types of information. As part of the rate approval process, the Department will look at documentation that describes how, during the underwriting process, each carrier intends to apply the rating factors in developing their quotes. This review will consider the carrier's implementation plans.

The Department will also look at how each carrier actually implements its rating system. To obtain information necessary to determine whether the implementation is consistent with the system as described, the department will require carriers to provide information on each quote made for a small employer group. The information submitted to the department would consist of the following:

- small employer identifier
- small employer SIC code
- small employer geographic location

RE: Chapter 188, Laws of 2003 (SB 110)  
Rating and Billing Issues

Page 1 of 2



## **The State of New Hampshire Insurance Department**

56 Old Suncook Road  
Concord NH 03301-7317  
(603) 271-2261 Fax (603) 271-1406  
TDD Access: Relay NH 1-800-735-2964

**Paula T. Rogers  
Commissioner**

**Alex Feldvebel  
Deputy Commissioner**

- number of eligible employees
- dependent coverage indicator
- number of enrolled employees (assumed) for quote
- aggregate attained age factor
- aggregate membership factor
- step-up factor
- group size factor
- industry factor
- geographic location factor
- health status factor
- not taken or purchase indicator
- dual choice indicator
- plan quoted indicator

The Department must also report on the types of coverage being purchased. The legislation provides some guidance as to how coverage types should be characterized. Distinguishing details as to coverage types include information on co-pays, deductibles, out-of-pocket maximums, and network restrictions. The Department seeks specific input on categories of coverage for reporting purposes.

The Department intends to create a file that it could link with the file generated from the information received on carrier quotes. The file would be keyed by a plan indicator and include fields to characterize the coverage associated with the plan.

Before promulgating a bulletin, rules, the Department invites carriers to comment on these concepts and to make specific recommendations regarding the collection of information on the use of rating factors, the characterization of coverage types, and the collection of information on coverage sold.

Please send comments via e-mail to [lludtke@ins.state.nh.us](mailto:lludtke@ins.state.nh.us) with a cc to [dskey@ins.state.nh.us](mailto:dskey@ins.state.nh.us).